

THE LABOUR PARTY

SIGNPOSTS  
FOR THE  
SIXTIES

SIXPENCE



# SIGNPOSTS FOR THE SIXTIES

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A statement of Labour Party home policy to be submitted by the  
National Executive Committee to the 60th Annual Conference at  
Blackpool, 2-6 October, 1961



CHAPTER I

THEORY

OF THE

ARTS AND

MANUFACTURES

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## Foreword

At Scarborough last year the Annual Conference received with enthusiasm the pamphlet, *Labour in the Sixties*, which had been prepared by Mr. Morgan Phillips; and accepted unanimously the action points with which it concluded. The first of these runs as follows: 'The National Executive Committee will, during the next two years, survey the major foreign and domestic problems now facing the British people. These will be the subjects of reports to Annual Conference.'

In fulfilment of this pledge to 'report on the major domestic problems now facing the British people,' the National Executive has prepared *Signposts for the Sixties* and will seek approval for it at this year's Conference. In recommending it to the Party, we would emphasise that we have not tried to draw up a comprehensive programme. Since the situation will almost certainly change between now and the election, raising new problems and offering new opportunities, we would regard it as folly to anticipate at this Conference the Party's election manifesto.

Our single aim has been to make good an important deficiency in the formulation of Socialist policy, to which *Labour in the Sixties* pointed. 'What the Party needs today,' Mr. Phillips wrote, 'is not another batch of policy documents or detailed blueprints but a clear statement both of our distinctive attitude to postwar capitalism and of the new direction we would give the nation's affairs.' We concur; and that is why so many important topics have had to be excluded from this document. Instead of covering all the ground, we prefer to highlight five themes—planning and economic expansion, the use of our land, a new approach to social security, equality of educational opportunity and fair taxation. These issues, we believe, are becoming increasingly significant and they illustrate both our critique of the Tory Affluent Society and the Socialist remedies we recommend.

Of course these problems have been there ever since the war and the Labour Government began to tackle each of them. But for ten years they have been evaded by politicians who chose to buy time, rather than face reality. Now there is not much more time to buy. Our living standards and our future as an independent nation are in jeopardy, and they will remain so until we have a Government with the courage to face the fact of Britain's economic decline and reverse it before it has gone too far. Whether the decision is taken to enter or to stay outside the Common Market, only an initiative along the lines we suggest can prevent Britain from becoming a backwater.

## Foreword

It is a pleasure to see the first English edition of this book. The book is a valuable contribution to the study of the history of the world, and it is a pleasure to see it published in English. The book is a valuable contribution to the study of the history of the world, and it is a pleasure to see it published in English.

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## Introduction

We live in a scientific revolution. In the sixteen years since the war ended, man's knowledge and his power over nature—to create or to destroy—have grown more than in the previous century. In such an epoch of revolutionary change, those who identify *laissez-faire* with liberty are enemies, however unwitting, of democracy. The enlargement of freedom which we all desire cannot be achieved by opposing State intervention but only by assuring that national resources are wisely allocated and community services humanely planned. Indeed, the three main ways of achieving this must be: first, to harness the forces released by science in the service of the community; secondly, to plan and supervise the balanced growth of the economy; and, thirdly, to ensure that the ever-increasing wealth created by modern techniques of production is fairly shared.

### The Dangers of Complacency

Never has there been a period in which political leadership was confronted with more baffling problems or more dazzling opportunities. Yet, during the past decade, Britain has been ruled by men who refuse to see either. Instead of challenging the nation to discard obsolescent ideas and face the changes required of it, the Government has monotonously told us that we have never had it so good. No wonder that a mood of comfortable complacency has settled over so many British people.

Of course this decade has seen some solid achievements. Abroad, the transformation of a white Empire into a multi-racial Commonwealth, begun by the Labour Government in Asia, has been continued by the Conservatives. At home, apart from minor recessions, the full employment achieved under Mr. Attlee has been maintained under successive Tory premiers; and, once postwar dislocations and shortages had disappeared, consumption was able to increase moderately. Unfortunately, however, this welcome improvement of individual living standards was not accompanied by a strengthening of the national economy. Our rate of industrial advance has been faltering; and the rapid and continuous expansion required to keep abreast of our competitors has been frustrated. Every time production has increased, we have run into an export-import crisis and industrial production has been halted once again by a credit squeeze and by other government restrictions.

These crises had little immediate effect on most people's lives and the non-political voter soon found it difficult to take them seriously.

His apathy was strengthened by one of the costliest sales campaigns in the history of political propaganda. Not unnaturally, he accepted the Government's assurance that our prosperity had been restored and dismissed as a killjoy anyone who questioned whether this prosperity was built on sound foundations.

But why should ordinary people worry about these high-level economic problems? Why shouldn't each of us sit back and enjoy what private pleasures he can get in this new age of affluence? The answer is simple. Like any other great organisation, a nation that fails to make progress soon begins to slip backwards. In this epoch of change, to stand still is to decline. The danger that faces us, after a decade of complacent Tory Government is not the sudden catastrophe of slump and mass unemployment but piecemeal economic deterioration and gradual political decline. These processes of decay have, indeed, already begun. But there is still time to halt them and to restore that public spirit and collective dynamic which this country needs if it is to remain prosperous and to play its full role in the second half of the twentieth century.

### **Starving Essential Services**

What are the main symptoms of decline? There are two. In the first place, there is the contrast between starved community services and extravagant consumption, summed up by a famous American in the phrase 'private affluence and public squalor.' One of the characteristics of the ever more complex civilisation in which we live is the need it imposes on the modern State to allocate more and more of the national resources to community services—health, education, social security and transport, for example, not to mention defence. Yet, in Tory Britain, the development of the public services has been held back on grounds of economy, while no limit is set to the capital available for the expansion of non-essential industries. The building of luxury flats and new offices, for example, continues completely uncontrolled, while the Government makes it as difficult as possible for local authorities to end the housing shortage by building council houses at reasonable rents.

### **The Transport Chaos**

Transport is another example. Investment in publicly-owned railways has been wholly inadequate, while government policy has encouraged a vast increase in private road haulage. Despite a dangerous fall in exports, the motor-car industry is now doubling its productive capacity. But public enterprise is not allowed to build the roads on



which to drive the cars. Between 1952 and 1959, 2,500,000 new cars were put upon our roads; but only 258 miles of modern motor roads were constructed—six inches to every new vehicle. The Government's own Research Laboratory has estimated that, by 1967, our antiquated road system could be costing us over £1,500 millions a year in delays—in vehicles, petrol, repairs and labour wasted. Moreover, road casualties since 1945 have been heavier than the casualties caused by Hitler's bombing. Yet still the Government takes no effective action. Why? Because, in order to solve the transport problem, the Government would have to give it priority over other claims.

This unbalance of the economy is made worse by commercial advertising, which artificially stimulates private, as opposed to community wants. Private enterprise now spends over £400 millions a year on advertising—and less than half this sum on scientific research and development. Through all the media of mass communication, we are pressured to buy not only the things we genuinely want but the things that big business wants us to want. As a result, we have a wide choice of detergents and cosmetics, but not of flats to live in.

### **Overseas Investment**

The same pattern is repeated on a world scale. As a highly developed and relatively rich nation, we have a responsibility for helping the underdeveloped countries, particularly within the Commonwealth. Indeed, the fulfilment of this task is not only a clear moral duty but a necessary condition of our continued prosperity and independence. Whether India, for example, survives as a democracy depends on whether Mr. Nehru can industrialise and improve living standards simultaneously—a combination impossible without large-scale foreign aid, to which Britain should contribute her full share. But when we examine our overseas investments, we see that, here again, private profit has been given priority over public development. Money has been poured into countries which are already wealthy—the United States and South Africa, for example—simply because the return is good.

### **New Forms of Privilege**

The second symptom of Britain's declining vigour is the growth of new forms of privilege and the rapid concentration of economic power which has taken place since 1951. The economy is still dominated by a small ruling caste. For years the Tories have talked about creating a property-owning democracy. Yet the top one per cent of the population own nearly half the nation's private wealth

and property. In maintaining their lavish living standards, this tiny rich minority can rely not only on unearned income but on huge capital gains. In 1959, for example, over £6,000 millions were made in untaxed capital gains—a handsome dividend for the Conservative victory at the polls.

But these men are not only wealthy: they are also powerful—a small and compact oligarchy. A recent survey found that 6 out of 18 directors of the Bank of England; 11 out of 34 Ministers; 44 out of 148 directors of the 'Big Five' banks; 35 out of 107 directors of large City firms; and 46 out of 149 directors of large insurance companies all went to the same school—Eton.

With certain honourable exceptions, our finance and industry need a major shake-up at the top. Too many directors owe their position to family, school or political connections. If the dead wood were cut out of Britain's boardrooms and replaced by the keen young executives, production engineers and scientists who are at present denied their legitimate prospects of promotion, our production and export problems would be much more manageable.

### **The Retreat from Government**

Inevitably the scientific revolution stimulates the growth of large-scale organisation, not only in Government and public services but in private industry as well. In terms of efficiency, these vast, centralised concerns are often, but by no means always, justified. But wherever they are run by irresponsible business executives or bureaucrats, they constitute a threat to freedom. Indeed, the greatest single problem of modern democracy is how to ensure that the handful of men who control these great concentrations of power can be made responsive and responsible to the nation. In the case of the public services and the nationalised industries, though there is plenty of room for improvement, there is some accountability. But in private industry the directors of a few hundred great combines determine between them what Britain should produce. As their power increases, these men, together with the directors of the leading insurance companies, are usurping the functions of a Government which is theoretically responsible to the whole people. Take-over follows take-over in bewildering succession. British firms swallow each other and are then swallowed by American. No enterprise, however successful, is safe from its Big Brother, however inefficient. The free-enterprise system provides no check to this dangerous trend. Far from restraining it, the record of the Tories is one of retreat from government by ministers responsible to Parliament into government by boardrooms, responsible to no one.



## **Industrial Decline**

What has been the effect of these developments on British industry? When the Government fails to strike a balance between community service and private consumption, when economic privilege is constantly increasing and power being concentrated in irresponsible hands, industrial efficiency is bound to suffer. Since 1951, British production has risen by only a third—less than was achieved in six years of Labour Government and substantially less than the growth of nearly all our main industrial rivals. If our industrial production had risen at the same rate as the rest of Western Europe, our national income would now be a quarter greater than it is and average earnings would have greatly increased. The Government's revenue would have grown by £1,500 millions a year without any increase in taxes—enough to double the present rate of investment in roads, education, housing, health and welfare services, as well as the amount of aid we send to the under-developed countries.

This failure to expand Britain's industrial production has had a most serious effect on our exports. In 1950, under a Labour Government, Britain was responsible for more than 25 per cent of the world total of manufactured exports. Ten years later Britain's share was down to 16 per cent, whereas in the same decade Germany's share rose from 7 per cent to nearly 20 per cent.

Yet, despite all this, throughout the decade we have been saved from the full effects of the Government's mismanagement by a purely fortuitous improvement in the terms of trade. Since 1951 the prices of our imports have fallen by 13 per cent, while the prices of our exports have risen by 11 per cent—a gain to us of nearly £1,000 million a year. Any reversal of this trend would reveal still more clearly the disastrous failure of the Government's export drive and plunge us into a far worse balance-of-payments crisis.

## **Failures of Private Enterprise**

The blame for these failures must be shared between Government and industry. The Tory politicians' refusal to plan and their obstinate determination to use only the bluntest monetary controls are the prime cause of the trouble. But private enterprise must take its share of the blame. While our best firms can challenge their rivals in the most competitive markets in the world, many others have failed to keep pace. The British ship-building industry is losing ground year by year. New or re-equipped yards in Germany, Japan and Norway are now winning the orders of the world's shipowners. Failure in export markets brings in its train fears of renewed unemployment in the shipyard areas. The record of the



machine tool industry is not much better. Though a few firms maintain a good export record in East European and other markets, the industry as a whole has failed to meet the challenge of automation. Britain should be one of the world's biggest exporters of machine tools and in the van of technical developments. Actually we import, at heavy cost, thousands of machine tools of the most advanced type.

The story of the last ten years is one of wasted opportunities and limping progress. The failure of our economy to keep pace with its main competitors is not due to the molycoddling of the Welfare State or to lack of effort by British labour. In fact, the British worker works slightly longer hours than the German and many more than the American.

The real causes are quite different—first the Government's doctrinaire refusal to accept responsibility for planning our national resources, and, secondly, the failure of far too many of our industrial leaders either to meet the challenge or to exploit the opportunities of the scientific revolution.

## Planning for Expansion

If Britain is to regain her place in world production and recover her export markets, we must have a plan for economic growth. A national plan, with targets for individual industries—especially the key sectors which produce the tools of expansion—would enable every industry and undertaking, publicly or privately owned, to plan its own development with confidence in the future.

### Preparing the Plan

*The preparation of such a plan would require the creation of a National Industrial Planning Board, integrated with the Government's own planning machinery and in close touch with both sides of industry. The central directive of this Board would be to ensure speedy and purposive industrial investment.*

In consultation with industry, the Board would work out the expansion plans of the basic sectors of the economy and see that the resources are there to meet them. In consultation with the Government departments concerned, it would direct the industrial expansion to areas where labour is available and where new work is needed.

Once the plan has been laid down, the full resources of the Government would be needed to make sure that it was carried out, industry by industry. Financial policies must be directed to seeing that the investment programme is fulfilled. Tax policies encouraging new investment and the speedier writing off of capital expenditure, guaranteed orders where appropriate, and, where private industry manifestly cannot meet the need, new publicly owned undertakings—all these will be needed. But it is not enough to decide that more money must be spent on capital investment: the necessary money must be channelled into the investment programme. The investment of Budget surpluses and State superannuation funds; a greater control over the investment policies of pension funds and private insurance companies—these, too, will be required.

Since these measures would generate a powerful head of steam behind the investment drive, it would be necessary to have some orderly control over the timing of major industrial and commercial projects. This would ensure that priority developments could go ahead first: it would also be a means of steering new factories into the areas where they are most needed.

### Science in Industry

Of equal importance with new plant and machinery is the application of science to our industries. The scientific revolution presents British



industry with a tremendous opportunity. One important reason for the failure of so much of our industry to modernise itself is the reluctance of British businessmen to invest in research and development and the refusal of the Government to make good this deficiency. In the application of science to industry, we face formidable competition, not only from the Communist bloc but also from the United States, Germany and Japan. Yet, while the nationalised industries and some private firms have a fine scientific record, there are key industries in which scientific research hardly exists.

The little that has been done owes a great deal to State initiative. It has been the State which has financed the greater part of industrial research. Today over 60 per cent of all research in Britain is paid for by the Government. In the vital work, too, of translating research into finished industrial products, public enterprise has played a leading role. Britain leads the world in the peaceful application of atomic energy—the work of the publicly-owned Atomic Energy Authority. Jet aircraft would not have been produced without a massive investment of public money, or television without the joint enterprise of the Post Office and the B B C.

The National Research Development Corporation, set up by the Labour Government, has sponsored the industrial development of scores of new inventions, among them the Hovercraft and advanced electronic brains and digital computers. From the modernisation of the cotton industry to the building of the new Queen liner and the erection of modern steel plants in Wales and Scotland, the story has been the same. In case after case the progress of private industry depends on public money.

### **National Research and Development**

*How can Britain make up the lost ground in the scientific revolution? The first thing to be done is to reconstruct and greatly to enlarge the existing National Research Development Corporation.*

*In its new form, the Corporation should be authorised to engage in production, either in its own establishments, through the creation of subsidiary productive undertakings, or by joint enterprises with private companies which have the expertise to develop new products but lack the resources.*

The Corporation could also be used for mobilising the under-used talents of groups of scientists by placing research or development contracts with them. In the past such contracts have been used at great cost and with inadequate financial control by Defence Ministries to develop new types of aircraft or guided missiles.



For a fraction of the cost of one of the missile contracts, the National Research Development Corporation could stimulate research directed towards promoting new developments in civil industry, for example, for new advances in textile machinery, shipbuilding techniques, machine tools or electronics. Encouragement could be given to young scientists to form research and development teams to work on particular programmes.

The third function of the reconstructed Corporation would be to help in revitalising and modernising existing industries which are declining or backward. This would not mean the acquisition of an entire industry, for to do so frequently means paying large sums as compensation for assets of very doubtful value. In machine tools, for example, our aims will probably best be realised by means of competitive public enterprise—the establishment of new, publicly owned plants, specialising in the types of machine tools which existing firms are not producing satisfactorily.

### National Plan for Apprenticeship

But increased investment and greater development of science will not of themselves solve Britain's problems. In the last resort our industrial effort depends on the nation's human resources, the workers by hand and brain in every sector of industry. To train them and, having trained them, to give the fullest play to their talents: these are among the top priorities for our industrial system today. Yet private industry has failed either to provide more apprenticeships or to modernise the system of training the apprentices in industry.

The nationalised industries are making a magnificent response. But too many private firms react in a way associated with the traditional laws of capitalism. Why should they spend money on the costly job of training apprentices if the young men, when trained, are then snapped up by other firms who made no contribution to their training? From the narrow, balance-sheet point of view of the individual firm, this may appear sense: the consequence for the industry as a whole, and for the nation, is a dangerous shortage of men with the right kinds of skill.

*Here is a problem which can only be resolved if both sides of industry recognise past failures and accept responsibility for putting them right. Apprenticeship is a national responsibility and what is now needed is a national scheme for apprenticeship and training. It should be worked out by the trade unions and employers concerned, but with much greater help in providing finance and facilities.*

Active Government help will also be required for encouraging industries to develop other common services, covering research, design, education in management, export promotion and other activities. This would be of particular assistance to the medium-sized and small firms, who usually cannot afford specialist services. In the power to set up Development Councils in the Industrial Organisation and Development Act, 1948, we already have a valuable statutory framework.

### **The Role of Public Ownership**

So far we have discussed how the Government, through central planning, can stimulate the whole economy, private as well as public, to the rapid expansion the nation requires. What role will public ownership play in this development? We have already described one new application of it, in our account of the job to be done by the reconstructed National Research Development Corporation. Once this Corporation was firmly established, the public sector would be able to advance where it is most needed—at the growing points of the British economy and in the new industries based on science.

### **The Capitalist Begging-Bowl**

Another field where public ownership may well have to be extended is in those private industries which, through the receipt of subsidies or loans, are dependent on the State for their continued existence.

*A Labour Government would insist on much more austere tests for the expenditure of public money in buttressing this so-called private enterprise. Where national assistance is required by manufacturing industry, it should be made conditional on public participation in the enterprise—the setting up, for example of a joint venture, with the State as at least an equal partner.*

The position of those industries which are largely dependent on State purchasing programmes should also be reviewed. The National Health Service spends over £80 millions a year on pharmaceutical products and there is clear evidence of waste and profiteering.

*Why should we not protect the taxpayer by arranging that it should meet its requirements increasingly from public enterprise, either through new, publicly owned undertakings or by the acquisition of existing ones?*

There is a similar problem in the aircraft industry, where a number of firms owe their continued existence to research and development grants and contracts awarded on a cost-plus basis. Exhaustive enquiries by the all-party Public Accounts Committee have made it



clear that the taxpayer cannot be protected against waste—running into tens of millions of pounds a year under the present system of awarding contracts. Here too new forms of State participation will be necessary, if the taxpayer is to be protected.

The structure of the existing nationalised industries must also be reviewed, with particular attention to the problems of finance, public accountability and worker-management relations.

Meanwhile the scope for public enterprise should be extended by removing the anomalous restrictions which at present prevent public corporations from undertaking many useful and profitable developments. Britain will never have an economic transport industry until the publicly owned transport authority is free to extend its road services wherever it can usefully do so.

Restrictions on the ability of the publicly owned industries, such as coal, gas, electricity and the railways, to develop the equipment and machinery they need, within the framework of a national plan, should also be ended.

Finally, we must consider what may well be the most important contribution that public ownership can make to the nation's economic revival. We have already called attention to the menacing growth of private monopoly and the consequent concentration of economic power in irresponsible hands. The giant corporations or private financial empires which dominate so much of the British economy, and which decisively influence its total performance, grow each year larger, fewer and yet more closely interlocked. It is the Tory view that they should be free to conduct themselves exactly as they like, responsible to no one but their directors and financial controllers: free to be bought or sold like lots at an auction sale: free to swallow each other up, or even to be swallowed up by foreign firms. Conservatives, who have always opposed the idea that the British people should own their own industries, have no objection to seeing valuable productive enterprises pass into the control of London or Wall Street financiers: the only body which is excluded from making take-over bids is the community itself, whose work has created these great economic empires and whose service is their ultimate justification.

The British people cannot be asked much longer to subscribe to this curious and fundamentally unpatriotic doctrine.

*Where vast concentrations of economic power have created monopolies, the Government, on behalf of the people, has the right to insist that such economic empires be made accountable to the public*



*interest. That is our case for renationalising steel. Where competition creates not efficiency but chaos in a key sector of the economy, there too an expansion of public ownership may be necessary to put things right. That is our case for creating an integrated and publicly owned transport system.*

*Where major changes of ownership and control in a vital industry are threatened by take-over bid or merger, the State must be free to intervene, either by vetoing a proposed transaction or by stepping in itself and asserting the rights of the community through an extension of public ownership.*

To achieve these different purposes, the forms of public ownership will, of course, vary widely. Already we can see it developing in various forms—nationalisation of a whole industry or firm, State participation in industrial companies on a partnership basis, the establishment of State-owned undertakings competing with private concerns, municipal enterprise and, finally, Co-operative ownership. All these kinds of social ownership have their part to play in meeting the dangers of monopoly, in achieving a fair distribution of the national dividend—and, most important of all, in helping to fulfil our national plan for economic growth.

The success of that plan is vital for Britain's future—for full employment, for the direction and improvement of our social services, for improving our living standards and for the contribution we must make in the war against want in the underdeveloped areas of the world.

The fulfilment of the plan, therefore, must not be sacrificed to the dictates of private profit, to the selfish whims of speculators, to outmoded financial techniques, or to unpatriotic manoeuvrings in foreign exchange. Neither great industrial combines nor monopoly institutions must ever be allowed to become the masters of our economic policy. If Britain is to survive, a Government responsible to a democratically elected Parliament must take full responsibility for the nation's economic destinies.

## The Price and Use of Land

During the last few years land prices have soared. Here are a few examples from different parts of the country:

A 64-acre estate in Camberley, Surrey, sold for £25,000 in 1958; it was resold recently for £210,000.

In Keighley, Yorkshire, an 18-acre site was sold in 1954 for £3,200; recently, the Council paid £21,000 for 16 acres of it—a seven-fold increase in price per acre in seven years.

At Birmingham the Council, bidding against private developers, paid £15,000 an acre for land at Harborne; they acquired adjoining land five years ago for only £400 an acre.

In Hull, land which was valued at £70,000 four years ago cost the Council £500,000 last year.

Why has this happened? Directly, because the Tories abolished the machinery for controlling land prices set up by the Labour Government and restored a free market in land; more fundamentally, because they have failed to carry out or permit effective planning either of the building and rebuilding of our towns and roads or of the location of our factories and offices.

This Tory freedom is affecting the use of our land in two ways. The first is the rise in building costs. The price of the site alone now often amounts to one-third of the total cost of a small house. Those who want to build their own homes—already penalised by high interest rates—are finding it ever harder to buy the land they need. Local Councils are held up in their efforts to build houses and schools because they can only obtain the sites at exorbitant prices.

The second consequence of Tory freedom in the use of land is that town and country planning has become almost impossible. As a result, the wider interests of the community take second place to the interests of private profit. Slum clearance is still painfully slow and the number of new Council houses being built is not much more than half what it was a few years ago.

Office building, on the other hand, has proved to be enormously profitable; so new offices go up in the town centres although this means that hundreds of thousands of workers have to waste too much of their leisure-time each day struggling and scrambling in the rush hours. Failure to plan is also the main cause of the steady drift of industry to the Midlands and the South and away from Scotland and the North. It also explains why there has been such a lack of



grace and so much sheer ugliness in the rebuilding of many towns and why the countryside is spoilt by an ever widening sprawl.

None of this need happen. Under a really determined government it is perfectly possible to get rid of the slums within the next 10 years and to see that every family has a decent home; to bring work to the worker instead of forcing the worker to migrate in search of a job; to find all the land needed for building without spoiling the countryside; to rebuild our cities so that they will be a source of pride; to stop the process by which people are obliged to live further and further from their work; and finally to ensure that the rising land values which result from the growth of the community accrue to the community and not to the private speculator.

*But these things can be done only if the planning of how, when and where we build or rebuild on our land is bold, comprehensive and co-ordinated at the centre; if adequate powers and facilities are available for the public authorities to carry out their plans; and, in particular, if such powers and facilities include the transfer to public ownership of the freehold of the land on which building or rebuilding is to take place.*

The case for public ownership of building land is not new. It was first made by John Stuart Mill a century ago. Had his advice been followed then, our cities today would be better planned and the public revenues, local or national, enormously greater—with no increase in taxation.

Since Mill made his proposals, a series of partial attempts have been made to tackle the problem—all of them unsuccessful. It is now clear that public ownership of building land is the only way in which we can expand and renew our towns and villages without being held to ransom by the landowner and the speculator.

But how shall we proceed? What land is to be acquired, and on what terms?

It will not be necessary either to acquire land which continues to be used for agriculture or to purchase the freeholds of existing houses and other buildings, so long as it is not proposed to pull them down. We can ignore, too, small sites not offered for sale, on which the owner simply wishes to build a house or garage for his own use.

We are concerned here only with land which is either needed for public use or on which it is proposed that private building or rebuilding should be permitted. It is the price of this kind of land which has risen so alarmingly in recent years and it is the freehold of this land which should be transferred to public ownership.



It can be done most simply in this way:

*A Land Commission would be set up to purchase the freehold of land on which building or rebuilding was to be authorised. Actual permission for private development would not be granted until the freehold had been acquired by the Commission, or the Commission had decided not to buy the land—for example, because the change was too unimportant to justify public purchase.*

The price paid by the Commission for the site would be based on its value for its present use, together with an amount sufficient to cover any contingent losses by the owner and to encourage the willing sale of land.

Having acquired the freehold, the Commission would lease the site, where it was approved for private development, on terms which ensured that the community obtained the benefit of a future rise in the value of the land. The Commission might also, in suitable cases, follow the precedent of the insurance companies and negotiate a share in the rents of the buildings to be erected. In the normal case, since the initiative will have come from the persons who wish to develop, it should be easy for the Commission to reach agreement with them.

The Commission would also buy land required by local authorities or by other public agencies. It would then either lease or sell the land to the authority concerned. Indeed, while it would exercise general supervision, it could appoint other public bodies as its agents to purchase and hold land.

Although the transfer of the freehold of building land to public ownership would be gradual, the new system would at once stop the uncontrolled rise in land values and the exploitation of the public by the private speculator and landowner. It would also steadily increase the public revenue over the years. A fair share of this would go to the local councils and thus help to ease the problem of local government finance.

<sup>1</sup> Public ownership of building land would also immensely facilitate effective town and country planning. At present—because existing controls are purely negative—local authorities find it almost impossible to compel a number of different private concerns to build in accordance with their plans. But when buildings sites are publicly owned, the authorities will be able to ensure that they are developed to a single comprehensive design—even where the development is private.

*As soon as the Land Commission has been established, therefore, the local authorities should be invited to revise their planning in the light of the assistance and facilities to be provided by the Commission.*

Public ownership of building land will thus remove the main obstacle to planning. But to solve the related problems of housing, transport and industrial location a series of further steps are required.

- 1 There must be more financial inducements to encourage the local councils to build houses. The councils will be helped, in any case, by the proposals for land purchase just outlined. But they must also be able to borrow for approved purposes at lower rates of interest. At the same time, the present subsidy arrangements will have to be reviewed.
- 2 More must be done to make it easier for people—including the tenants of private landlords—to buy their own homes. The Land Commission can help by leasing plots of land to small owner-occupiers on especially favourable terms. But loans at low interest rates ought also to be provided for would-be owner-occupiers. We must also reform leasehold law to enable leaseholders with long leases to buy their own homes.
- 3 There must be more effective action to modernise old houses and to prevent them lapsing, through neglect, into new slums. For the most part these are private rented houses. Inducements to landlords to repair and modernise their properties have been tried on a generous scale, but so far with little success. In the future local authorities will have to play a much more active role. Where private landlords persist in neglecting their property, local authorities must use more freely their powers to take them over for repair and modernisation.
- 4 Urgent action is needed to prevent landlords from continuing to exploit the housing shortage. The Rent Act must be repealed and further decontrol stopped. Tenants of property already decontrolled must be given security of tenure and protected against excessive rents.
- 5 More building labour must be made available for urgent housing needs. At present, huge new blocks of offices and shops are put up everywhere while the building of Council houses is frequently delayed and obstructed by the difficulty in obtaining the necessary labour. While there is no need to reintroduce building licensing generally, the timing of major private building projects for which, in any case, planning permission has to be obtained, should be adjusted locally so as to assist the Councils to proceed with their housing programmes more rapidly.



- 6 Another difficulty, which especially affects our larger cities, is the shortage of land within the city boundaries. Building high multi-storey blocks of flats does something to relieve this, but it cannot solve the whole problem. If we are not to build on the green belts or to allow the unchecked sprawl beyond them—with all the problem of traffic congestion which it creates—the only solution is the building of more New Towns, together with the expansion of existing smaller ones through ‘over-spill’ arrangements.
- 7 We must see that employment is spread more sensibly throughout the country, and ensure that there is effective public control over the siting of offices as well as factories.
- 8 Finally, there should be far more satisfactory co-ordination between the different agencies responsible for controlling the location of industry, for the planning of town development and for the provision of roads for the ever-increasing volume of traffic. A rigid national plan is neither desirable nor necessary, since so many decisions must be taken locally. What is needed is a small central planning staff, with the powers necessary to ensure that the plans of the local authorities, the Ministries of Transport and Housing and the Board of Trade all fit together.

According to the last census figures, ours is now the third most densely populated country in the world. Other peoples with a continent to exploit can—for a time—leave the development of their land to the speculator, permit their towns to merge together into congested conurbations, allow their transport to develop without central direction, and watch while vast areas of the countryside are desecrated by dreary urban sprawl.

Here in Britain this kind of *laissez-faire* makes it impossible to live decently either in town or country: that is the danger which now threatens us. It can only be faced and overcome by a Government determined to regain for the community the control of its own future through public ownership of building land.



## **New Needs in Social Security**

Under the Labour Government the British Welfare State became the envy of the world. Now, after ten years of Toryism, we are lagging behind other countries and our treatment of the poor is a national disgrace. The National Health Service has ceased to be free, and the recent increase in the flat-rate contribution has shifted still more of the cost of the social services from the wealthier taxpayer on to the shoulders of the worker. As for pensions and other benefits, the increases tardily conceded barely take account of inflation, let alone of the increase in the national income.

### **Poverty Amidst Plenty—a New Poor Law**

In the Tory Affluent Society it is reckoned that there are some seven to eight million people living close to the margin of poverty. Most of this poverty is concentrated among those who rely on State benefits—the old age pensioners, the chronic sick, the widowed mother with young children, the handicapped, and other defenceless groups.

In the past, the Tories defended their neglect of State welfare services on the ground that we could not afford them. Now that wealth and living standards are increasing, they argue that all-in Social Security should be replaced by assistance given only to those with proven need. They want a new Poor Law—not Social Security as of right.

Thus, while the State benefits have been held at an austerity level, the Tories have encouraged, through generous tax concessions, the rapid growth of company welfare schemes—not only pensions but sick pay and redundancy agreements as well, many of them heavily weighted in favour of executives and higher paid staff.

### **Two Standards of Social Security**

As a result, two standards of social security are emerging, a private Welfare State—subsidised by all of us—for the lucky minority; and, for the majority, excluded through no fault of their own from these privileges, State benefits, in most cases well below the National Assistance scale.

We reject this complacent Tory acceptance of poverty in the midst of plenty. It is a disgrace which can be ended once we have the will to do so. That is why we believe that the time has come for a great step forward in Social Security. So far from accepting two standards

of provision as inevitable, we hold that the privileges voluntarily conceded to some employees must now be transformed into the right of every citizen.

### Half Pay on Retirement

In our plan for National Superannuation, we showed how this principle could be applied to old age pensions. In response, the Government produced its own so-called graded scheme, which came into effect this April—a palpable fraud, whose real purpose is not to provide improved pensions but to impose a new tax under another name.

*One of the first jobs of the next Labour Government will be completely to recast the level of contributions and benefits in the Government's scheme, so as to achieve Labour's aim of ensuring that everyone gets at least half pay on retirement (and adequate provision for widows) in return for contributing a percentage of his wage or salary towards superannuation.*

The new graded pensions, however, will be available only to those still at work and able to pay contributions. Meanwhile, justice must be done to the millions of existing pensioners and widows, who will continue to draw flat-rate pensions. They must be given a fair share in our rising national prosperity and protected against increases in the cost of living, which reduce the purchasing power of their pensions.

*These objects can best be achieved, first, by an immediate increase in pension rates and, second, by the construction of a built-in elevator to ensure that in future the level of pensions automatically keeps pace with the level of average wages.*

### Sickness

It is not only in pensions that progressive public and private concerns now admit the industrial worker's right to the kind of conditions already conceded to a majority of those in non-manual jobs. In sickness and injury, it is increasingly common practice to make up State benefits to the full wage or salary for the first weeks or, in some cases, the first months of sickness.

*It must be our aim to extend these privileges to every employee—manual and non-manual. Negotiation will, of course, remain the normal method of achieving this, but we shall make sure that the lead given by some already is extended to all branches of the public service and the nationalised industries.*



In those private industries where trade union organisation is not yet strong and where Wages Councils exist, we shall empower these Councils to recommend methods of assuring these rights to all employees.

But provision for short-term sickness is only a partial solution. It is when people are sick and unable to work for longer periods that present provision is the most inadequate and hardship usually the most acute. This can only be solved by creating a State system of wage-related sickness contributions and sickness benefits, along the lines proposed for retirement pensions.

### **Redundancy**

Trade unions have been able to reach satisfactory redundancy agreements with some progressive firms. Arrangements that provide for adequate notice and severance pay give the employee time to look round for another job without a sudden and disastrous loss of earnings. It is high time that what is now the exception became the rule. Here too we shall make sure that the public services and the nationalised industries set a good example. In those private industries where the aim cannot be achieved by negotiation between trade unions and employers and where Wage Councils exist, Wages Councils should be empowered to act.

### **National Assistance**

Once Social Security has been reconstructed along these lines, it should be possible greatly to reduce the number of people on National Assistance. The aim of the Tories since 1951 has been to cut down the comprehensive social services, whose benefits we receive as of right, and to rely more and more on National Assistance, which is allocated only in cases of proven need.

*Our aim is just the reverse—by providing a system of all-in wage-related Social Security, to make National Assistance what it should always have been, not a normal supplementation of an inadequate State benefit but a special provision for the worst hit casualties of the industrial system.*

### **We Must all Pay our Share of the Bill**

We are well aware of what the main Tory reaction will be to our plans for rebuilding the Welfare State. They will complain about the cost, warn us that industry cannot afford it and threaten that the attempt to develop it will jeopardise our export trade. These threats bear no



relation to reality, since many of our competitors, including France and Western Germany, spend more on social security than we do.

It would be wrong, however, to suggest that we can pay for an up-to-date system of all-in Social Security merely by soaking the rich or imposing fresh taxes on the employer. We can only ensure that the old, the weak and the sick are provided with a decent living standard and assured their share of rising national prosperity if those of us still at work are ready to make sacrifices for this end.

The fairest method of financing National Insurance was laid down by the Labour Government in 1946—a tripartite system of contributions, with the employer, the employee and the State all paying their share. But, in the modern expanding economy, flat-rate contributions are out of date. They are a poll tax, which lets the prosperous off too lightly and imposes an unjust burden on the lower paid worker. We must now move forward, in the case of sickness as well as of old age pensions, to a new, graduated system, in which benefits are wage-related and contributions are paid as a percentage of earnings. This is the only way to abolish the poverty that now exists amid plenty and to share the cost of doing so fairly among all classes of the community.

## Education

Children are the nation's most valuable asset. What we spend on their schooling earns a bigger return in the quality of our national life than any other expenditure. This is more true than ever in the age of scientific revolution, when the improvement of our living standards and our survival as a free democracy depend largely upon the quality of our scientific, technological and technical education.

Yet, despite some improvement in the last few years, this country's 'investment in people' is still tragically inadequate. Under Tory Free Enterprise no limit is set to the amount of our national resources and intellectual talent consumed by the popular newspaper, the glossy magazine, the cinema, commercial television and the advertising industry. Where these profitable undertakings are concerned, no salaries are too high, no offices too lavish. But when it comes to building schools and paying teachers' salaries, strict economy is the order of the day.

### The Scandal of our Schools and Universities

As a consequence, one-quarter of our children in primary schools and no less than two-thirds of our children in secondary schools are taught in oversize classes. Britain gives a dangerously small proportion of its young people university or comparable education—less than 5 per cent as against 8 per cent in the Soviet Union and 25 per cent in the United States. Moreover, university students form a smaller proportion of the population in Britain than in the nations of the Common Market—smaller even than in Bulgaria, Portugal and Spain. In technological education we lag behind France, Western Germany and Switzerland. Per head of the population the United States is educating each year two to three times as many, and the Soviet Union five times as many, highly trained technologists as we are.

### Elite Education

This failure is mainly due to the Conservatives' determination to reduce the level of taxation, even at the cost of cutting back essential community services. The Tories talk a great deal about equality of educational opportunity. But they have not found the money for enlarging and improving the State system on the scale required to make this ideal a reality. Their parsimony is justified by the Tory doctrine that only a minority of our children anyway are potential leaders—fit for the best education, whether grammar, scientific or

technical. The mass of the children, according to this theory, are second-rate material, which should be given what is left over when the very best has been provided for the educational élite.

### Equality of Opportunity

We challenge this theory as immoral, untrue and a danger to democracy. Our Socialist attitude to education is based on the conviction that there are great potentialities of hidden talent in the British people, which can only be revealed by ensuring that every child is given more than one opportunity in the course of its life to show an aptitude for higher education.

To achieve genuine equality of educational opportunity, we require:—

- (a) to create a broad, democratic basis of primary schooling, with small classes and highly qualified teachers, who can give every child the individual attention it so much needs at this age;
- (b) to reorganise the State secondary schools on comprehensive lines, in order to end the segregation by the 11-plus examination which is now almost universally condemned on educational as well as on social grounds;
- (c) to broaden the present narrow apex of higher education at universities and technological institutes into a wide plateau; and
- (d) to deal with the problem of the private, fee-paying sector of education.

### How to get the Teachers?

*The biggest contribution any Government could make to improving our schools would be to reduce the size of classes—primary as well as secondary—to a maximum of 30 and raise the school leaving age to 16.*

In our view, these decisions can no longer be postponed. Clearly they will require not only an enlarged building programme but an expansion in the number of teachers and an improvement in their status and pay, far greater than anything contemplated by the Government. Since the burden imposed on the ratepayer is one of the main obstacles to conceding adequate teachers' salaries, this responsibility must in future be borne mainly by the Exchequer.

*Postponement of school leaving will fall heavily on many lower paid workers. In order to minimise this burden, we should reorganise family allowances, graduating them according to the age of the child, with a*



*particularly steep rise for those remaining at school after the statutory school-leaving age.*

In this way the maintenance allowance now paid by local authorities, subject to a means test, could be discontinued. We must also press forward with part-time education for those who have left school. Though the general introduction of County Colleges must follow the raising of the school-leaving age, an important first step would be to give the right to day release to all young people who wish to take courses, in general and academic subjects, and in technical and vocational ones.

### **More University Places**

It is only on this basis of a broadly based system of primary and secondary schooling that we can successfully reconstruct our higher education. The Government proposes to increase the number of places at our universities by 75 per cent by the early 1970s. We agree with Sir Geoffrey Crowther that this is a fantastic under-estimate of the national need and we are also convinced that the planned development of technological education must be greatly expanded. We must also honour our obligation to keep available sufficient places for overseas students, particularly from the underdeveloped countries.

### **Abolition of Fee Paying in Universities**

Even if we raise our sights sufficiently, it will be years before these new universities and institutes of technology are open. For some time to come, places in higher education are bound to be desperately short. We must be sure none of them are wasted: in particular, we must make sure that poor but able students are not excluded from universities by wealthier parents buying places for less gifted children.

*We believe the time has come to abolish fee-paying throughout the universities and to end the system of college entrance under which public schools still monopolise more than half the places at Oxford and Cambridge.*

Behind the rising demand for higher education is what the Crowther Committee called the revolution in our sixth forms. The number in sixth forms is now half as much again as it was ten years ago. With proper maintenance grants and a comprehensive system designed not to restrict but to develop our children's educational potentialities, the present number could and should be at least doubled in the 1960s.

## The Public Schools

This increase cannot be achieved, however, without exceptional measures to expand our sixth form capacities. It is in this context that we should look again at the private sector of education, whose contribution to unequal opportunities and to social inequality we have so frequently criticised. The quality of the so-called public schools varies widely. Some are outstanding by any standard. Most of them are good, but certainly no better than the best of our State secondary schools, while in a few of them the sixth forms are so poor that they can provide no help in solving the country's educational problems.

Yet, despite these differences, all these schools have one common characteristic—their high fees—which ensure that many of the boys are there merely because their fathers are wealthy, or old boys, or both. The same argument applies to girls' public schools. Brought within the State system and purged of their privileged position, the public schools could perform a much more useful educational purpose than at present.

## Ending Educational Privilege

*We propose, therefore, to establish, under the Minister of Education, an Educational Trust. After full consultation as to method and timing, with the local authorities and with the schools themselves, the Trust will recommend the form of integration that will enable each of them to make its best educational contribution.*

The functions they can then serve will vary widely. Some of them, with outstanding academic traditions, can be transformed into pure sixth-form schools, concentrating on the provision of three-year courses for boys and girls who have passed the General Certificate at 'O' level. Others could remain as secondary boarding schools for children whose parents' circumstances make this type of education necessary. Still others could serve the needs of those areas where geographic or economic reasons make it impossible for local authorities to provide schools with a sufficiently varied range of courses. A few might well be used to meet the demands of young people in the 18-21 age group for higher education, less advanced than university level.

In making recommendations on how this should be done, the Educational Trust will be required to make special provision for genuine experimental schools. Independent denominational schools would, of course retain their existing relationship with their denominations. It would be for the Trust, after consultation, to suggest the

ways in which they could best organise themselves on parallel lines.

It would be wrong at this stage to lay down a detailed blueprint for the future role of the public schools—both because the next few years may well see a radical change in educational requirements and because the resources available in each of them will require careful assessment. But we are convinced that the nation should now take the decision to end the social inequalities and educational anomalies arising from the existence of a highly influential and privileged private sector of education, outside the State system. Once this decision has been taken, it is clear that the difficulties involved in expanding secondary education will be progressively eased.



## **Fair Taxation**

Whatever a Government's social aims may be, taxation will always be one of the most powerful instruments for achieving them. Under the post-war Labour Government, successive Chancellors deliberately used the Budget to reduce inequality and narrow the gap between the extremes of wealth and poverty. When the Conservatives came to power, they were firmly convinced that this movement towards equality had gone much too far; and they set themselves the job of reversing it.

### **Tory Freedom**

In 1951 Mr. Butler became Chancellor and one essential part of his policy of 'setting the people free' was to lighten the tax burden on the wealthier section of the community. This aim has been followed by each of his successors. They have steadily reduced taxation on the rich at the cost of cutting back the expansion of essential services and making the wage-earner pay more and more of the tax burden, in the form of increased health and insurance contributions.

### **Planning for Revival**

The fulfilment of our national plan for economic growth would require a radical change in taxation policy. A Conservative Chancellor now asks, 'What Government expenditure can I cut back this year in order to find the money to reduce surtax?' A Socialist Chancellor would put a very different question. 'How much of our planned expansion should the country carry out in the next twelve months?' he would ask, 'and how can I make sure that the tax burdens are fairly shared?'

In the earlier stages of our national plan, capital investment and exports would have to be given priority. We have seen that, in order to restore our trade balance and ensure rising living standards, we must achieve sustained economic growth—without inflation. None of our plans for improved social services and better individual living standards can be achieved without this industrial expansion. In planning his first Budgets, therefore, a Labour Chancellor would make sure that all his measures were subordinated to this central purpose.

### **The People Must Share the Decision**

Over the lifetime of a Parliament, the yield of increased production should give him ample revenue to meet the aims of Labour's social and other programmes. Nevertheless, an industrial revival on this

scale will demand a high degree of political maturity and self-discipline. In the allocation of national resources, a Communist Government can strike the balance it considers desirable between public expenditure and private consumption and enforce it by totalitarian methods. But if a democracy is to achieve a rapid rate of industrial growth, the people must be genuinely convinced that the plan is necessary and accept the priorities it entails.

We believe the British people would be ready to show this kind of self-discipline—on two conditions. First, they must be able to see that the Government really has a plan, and they must feel that Ministers are taking them into their confidence at each stage of its execution. Secondly, they must be satisfied that both benefits and burdens are being fairly shared. This confidence, however, can only be gained by a Government which stops relieving the wealthy taxpayer at the cost of the National Insurance contributor and firmly bases its whole taxation policy on the sound principle—"from each according to his ability."

### **Tax Avoidance and Capital Gains**

One flagrant example of the way the Tories have violated this principle is their tolerant attitude towards tax avoidance. Today, as we all know, a very large amount of spendable income escapes the Chancellor's net. Tax-dodging in all its forms costs the Exchequer hundreds of millions a year; and this means that the wage or salary earner on P A Y E and the housewife paying purchase tax bear the extra burden. Trusts, gifts *inter vivos* and the transfer of wealth to tax havens abroad, which between them have made the death duty largely ineffective and unfair, call for thorough review and regulation.

But the greatest gap in the tax system is the Government's refusal to tax capital gains. Anyone investing £10,000 in a representative group of ordinary shares on 1 January, 1959, would have had, two years later, investments worth over £15,000 and not a single penny would have been paid in tax.

*The case for a capital gains tax is not only that it would raise substantial sums and thereby lighten the burden of tax on earned incomes. Equally important is the fact that without it a small and extremely wealthy section of the community will continue to avoid paying its fair share of taxation.*

Changes are also needed in the field of direct taxation. More of the tax burden should be shifted from earned incomes to the higher unearned incomes and company profits. Again, the increasing

reliance on flat rate National Insurance contributions as a method of paying for social services must stop. In future the Exchequer—and through the Exchequer the more prosperous sections of the community—must contribute their fair share to financing the welfare state.

The Government's taxation policy, however, is not merely unjust: it is also unsuccessful. How often have we been told that Britain's economic revival can best be stimulated by providing business men's incentives? That indeed has been the Tories' main justification for relieving the wealthy at the expense of the average taxpayer.

*Yet, ten successive Tory Budgets have left British industry floundering behind its main competitors; and one of the main reasons for this failure has been the Government's refusal to create by its budgetary policy the climate of social justice in which alone there can be economic expansion without inflation.*

These, then, are the two essential economic signposts to Britain's economic revival: a national plan for which the people feel actively responsible and a taxation policy which ensures that burdens are fairly shared.





